

# Maryland's Small Group Market

*Summary of Carrier Experience*  
for the year ending  
December 31, 2006

*May 17, 2007*

# Data from Carrier Surveys

## Data collected:

- Number of Lives Covered
- Number of Employer Groups
- Number of Policies
- Premiums Earned
- Claims Incurred
- Loss Ratios

## Under consideration:

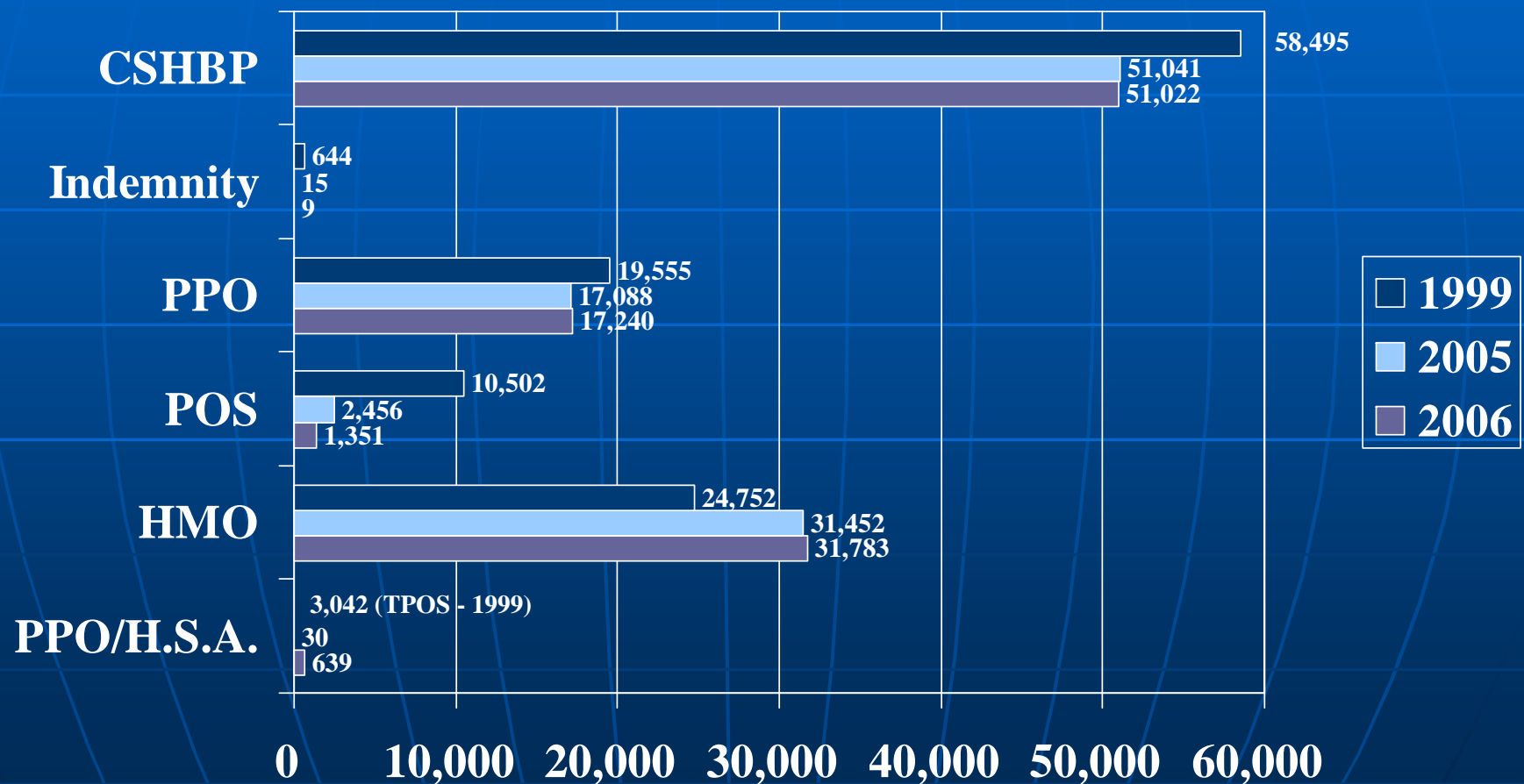
- Age Distribution
- Characteristics of plan designs actually purchased

# Comprehensive Standard Health Benefit Plan: Basic Provisions

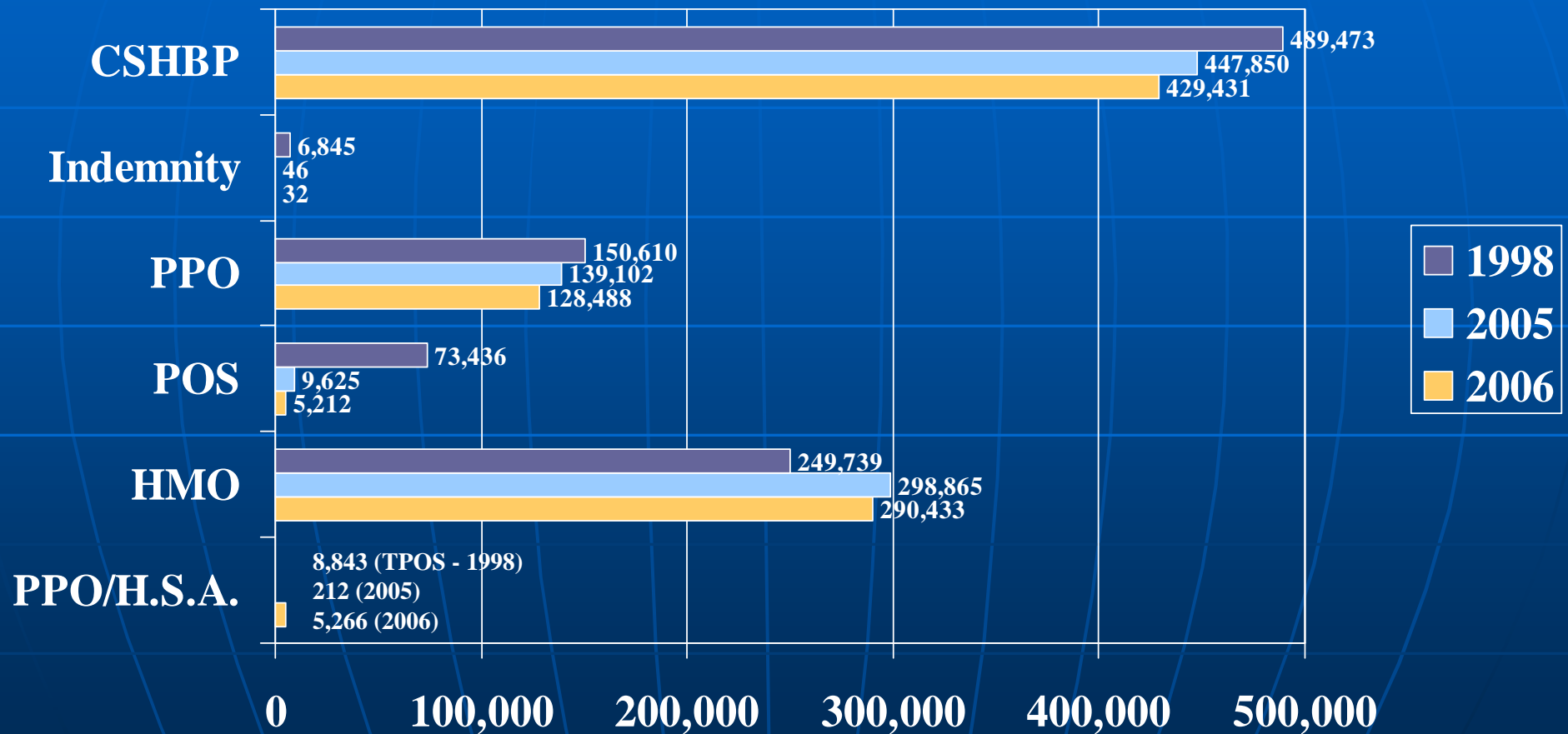
- Guaranteed issue and guaranteed renewal
- No pre-existing condition limitations
- Rates adjusted for age and geography only
- Benefits may be ***improved*** BUT NOT reduced (positive riders)
- Plan has floor and ceiling
  - ***Floor*** – equivalent of federally qualified HMO
  - ***Ceiling*** – average premium without riders cannot exceed 10% percent of average annual wage (estimated at \$46,165)

# CSHBP Employer Groups By Plan Type

## “Peak Year” v. 2005 v. 2006



# CSHBP Covered Lives By Plan Type “Peak Year” v. 2005 v. 2006



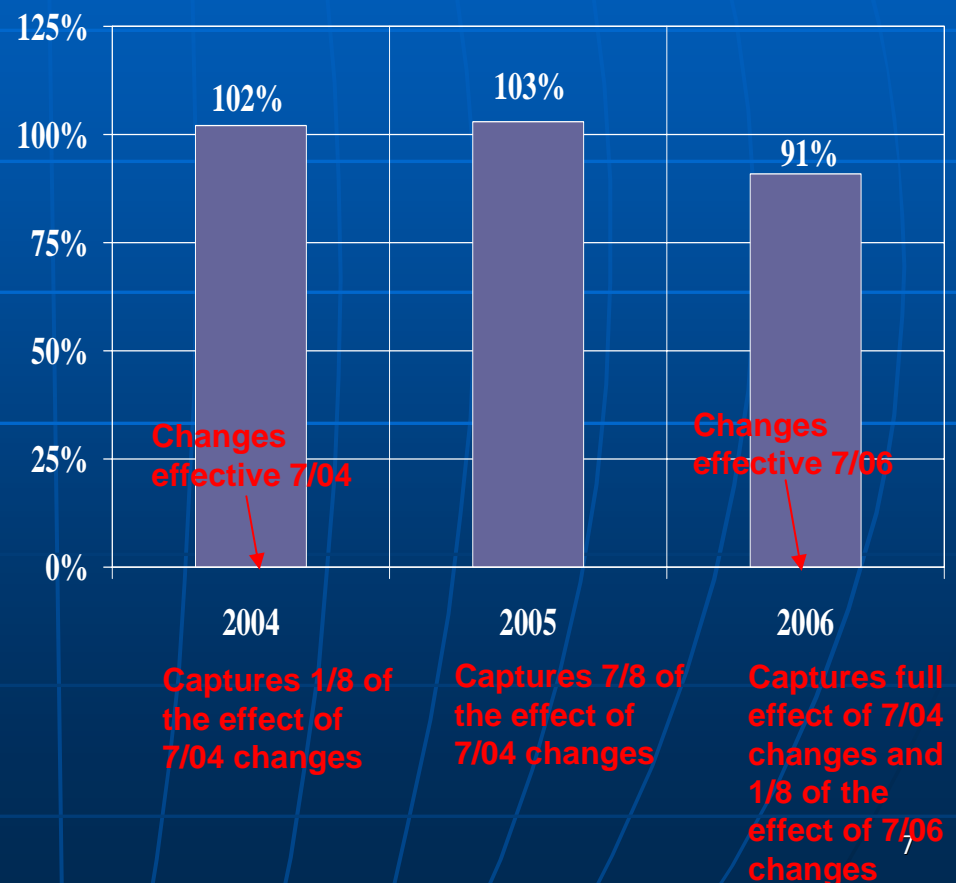
# Enrollment by Policy 2005 v. 2006

<i>Policy Type</i>	<i>2005 Lives</i>	<i>2006 Lives</i>	<i># Change</i>	<i>% Change</i>
Employee Only	153,137	152,728	(409)	- 0.3%
Employee Plus One	75,414	67,353	(8,061)	- 10.7%
Family	219,299	209,350	(9,949)	- 4.5%

# Cost of the CSHBP (without riders) in Relation to Cap 2004 - 2006

Average Cost/Employee  
Avg. Wage

- Avg. Cost/Employee decreased approx. 8% in 2006 (\$4,573 v. \$4,208)
- Avg. Annual Wage increased approx. 4% in 2006 (\$44,365 v. \$46,165)



# Average Premium: 2005 v. 2006

## HMO

		Employee only	% Change	Family	% Change
HMO - Core	2005	\$3,132		\$8,347	
	2006	\$2,883	- 8%	\$7,616	- 9%
HMO - w/riders	2005	\$3,557		\$9,479	
	2006	\$3,889	+ 9%	\$10,275	+ 8%



# Average Premium: 2005 v. 2006

## PPO

		Employee only	% Change	Family	% Change
PPO - Core	2005	\$2,643		\$6,506	
	2006	\$2,433	- 8%	\$6,470	- 0.5%
PPO - w/riders	2005	\$4,663		\$11,479	
	2006	\$4,999	+ 7%	\$13,296	+ 16%

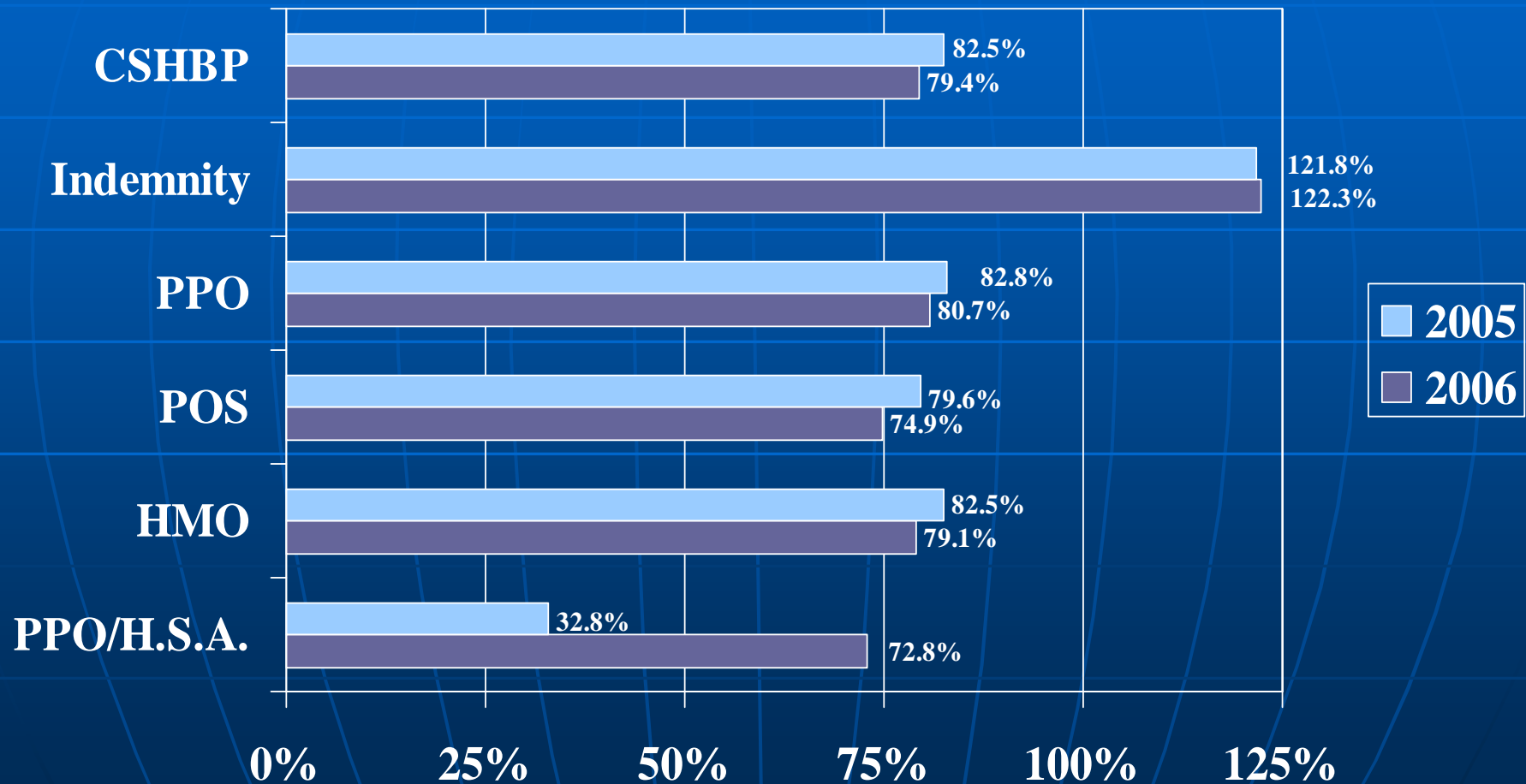
# Premium Comparisons for less than 50 Employees in Neighboring States: 2004

Annual Premium	DC	DE	MD	PA	VA
Individual Premium	\$4,269*	\$4,204	<b>\$3,838</b>	\$3,813	\$4,219
Family Premium	\$11,848*	\$10,847	<b>\$10,231</b>	\$10,849	\$9,831

Source: 2004 Medical Expenditure Panel Survey-Insurance Component

\* Statistically different from Maryland with 90% CI.

# Loss Ratio By Plan Type, without Riders, 2005 v. 2006



# Small Businesses Participating in CSHBP 2005 v. 2006

	DLLR's Estimated Number of Small Businesses	Groups Participating in CSHBP	Percentage Participating in CSHBP
<b>2005</b>	126,673	51,041	40%
<b>2006</b>	129,094	51,022	39.5%

# Number of Carriers by Plan Type With Covered Lives, 2005 - 2006

<i>Delivery System</i>	<i>2005</i>	<i>2006</i>
Indemnity	4	4
PPO	6	6
POS	1	1
HMO	6	5
PPO/HSA	2	3
<b><i>Total # of Carriers*</i></b>	<b>9</b>	<b>8</b>

\*Total number of carriers is less than the sum in each year across all delivery systems because some carriers are in multiple delivery systems.

# Carrier Percentage of Business

## 2005 v. 2006

% of Total Business	Number of Carriers	
	2005	2006
Over 70%	0	0
60% - 69%	1	1
50% - 59%	0	0
40% - 49%	0	0
30% - 39%	0	0
20% - 29%	1	1
10% - 19%	0	1
Less than 10%	7	5
<b>Total</b>	<b>9</b>	<b>8</b>

# Market Concentration

## Top Two Carriers

Year	Market Share
2000	70%
2001	80%
2002	88%
2003	92%
2004	94%
2005	92%
2006	86%